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SRI S. B. ADITYAN :—" Sir, will this speech, which is, I think, supplementary to the speech of the Hon. Finance Minister, be printed and distributed to us before we actually start discussion on the Budget on Monday next?"

* THE HON. SRI C. RAJAGOPALACHARI :—" This is not really a part of the Finance Minister's speech. This is merely a summary of that speech, which is not important for the discussion. Further, we cannot arrange to print this so quickly, especially when a Sunday is intervening."

V.—PRIVILEGE MOTION *RE* LEAKAGE OF INFORMATION REGARDING GOVERNMENT'S TAXATION PROPOSALS.

MR. CHAIRMAN :—" I have received notice of a Motion given by Mr. Adityan regarding a question to be referred to a Committee of Privileges. He will now move his Motion."

* SRI S. B. ADITYAN :—" Mr. Chairman, Sir, the Motion I have given notice of runs as follows:—

> '*The question of breach of privilege of the Members of this House arising out of the publication in newspapers of the taxation proposals contained in the Hon. Finance Minister's Budget speech, before they were available to the Members of this House, be referred to a Committee of Privileges to be constituted under Rule* 143 *of the Council Rules.*'

Sir, I shall briefly state the facts of the case. While reading through the speech of the Hon. the Finance Minister, we find that many of these Budget proposals have actually been published in the newspapers on the 18th and the 19th of this month, though we, Members of this House, came to know of them only to-day, the 27th June. Regarding the increased levy of sales tax on the sale of petrol, the information was published in the morning editions of certain newspapers on the 19th instant. I have got the copies of those newspapers; in case the Chairman wants to peruse them, I shall hand them over to him. In the 'Indian Express' of the 19th instant, we find that this item is actually mentioned as item number one. It mentions it as a little increase in the sales tax on the sale of motor spirit. Again, with regard to the betterment levy which is mentioned as item (*d*) of the proposals for additional taxation in the Hon. Finance Minister's speech, the same newspaper says, 'It is proposed to levy a betterment fee on land.' This is mentioned in the 'Mail' also under huge headlines. We are now therefore faced with a serious situation, viz., some newspapers have actually published these proposals about 8 or 9 days before they were placed before the Members of this House. Even the levy of sales tax on foreign liquors is mentioned in the newspapers. It is mentioned as follows: 'A special tax is to be imposed on a new article'. So, Sir, as I said, we are now faced with a serious situation, namely, that certain newspapers have published news about the

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new items of taxation even before they were made available to us, Members of this House. The question arises as to how this Budget secret of fresh taxation proposals was communicated from the Cabinet to the newspapers. It might have been got by the newspapers from the Ministers, which, I hope, is not the case, or from some friends of Ministers or from some other persons. Anyway, these taxation proposals have appeared in the newspapers long before they were made available to the Members of this House. The Government themselves have admitted in the Ordinance recently issued by them that their taxation proposals have appeared in the newspapers. In other words, they have admitted that the proposals have been divulged. The proposals have come into the possession of the newspapers without the knowledge of responsible authorities. The question of privilege arises in this way: we, as Members of this House, are entitled to know the Budget proposals before any other person comes to know of them, or I may say, before they appear in the newspapers. For it is our right, it is our privilege to know them first. This is a serious matter. I am not mentioning any person in particular in this affair; I am not casting any reflection on any particular Minister. From May's Parliamentary Practice and Procedure, page 363, it will be seen that a Motion for the formation of a Committee of Privileges may be moved on certain urgent matters. Among those matters are mentioned things such as assaults upon members, insults to members and also communication of certain kinds of information to a newspaper. It is admitted by Government in the Preamble to the Ordinance issued recently for the levy of an increased sales tax on the sale of petrol that there has been leakage of information about it. I say this leakage of a Budget secret is a serious matter, because it may be found on investigation that there was also a violation of the Official Secrets Act. I am not in a position now to say how far that Act has been violated. But I can say that because the information regarding the taxation proposals has been divulged by a Cabinet Minister or a person in authority, it has already led to undesirable consequences such as taxation by means of an Ordinance. In Madras Ordinance III of 1952 promulgated by the Madras Government on 19th June 1952, the Preamble says—

'Whereas information about the intention of the Government of Madras to obtain the approval of the Legislative Assembly to an increase in the existing tax on retail sales of petrol from the present rate of four annas per gallon to six annas per gallon has been unauthorizedly obtained and given wide publicity.'

Here is an open admission by Government that some unknown person in authority, I do not say necessarily a Cabinet Minister, who is supposed to keep such things secret, has given out the information. This point is amplified further in the Explanatory Statement to that Ordinance. For it says—

'The decision of the Government to secure the approval of the Legislative Assembly to an increase in the tax on sales of petrol from four annas per gallon to six annas per gallon has been unauthorizedly obtained and given wide publicity in the newspapers.'

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"I submit this question of giving wide publicity to Budget proposals in newspapers before they are brought before the Legislature is a very serious matter. When such proposals are divulged to newspapers, there are certain natural consequences which follow. In every democratic State, according to democratic usage and constitutional propriety, if secrets have been let out by a Cabinet Minister, even involuntarily, even without deliberate intent on his part, it leads to his resignation. In this connexion, I shall quote some passages from the Proceedings of the House of Commons, regarding the celebrated case of Sir Hugh Dalton (Volume 444, page 551)—

7 p.m. 'M. Raikes asked the Chancellor of the Exchequer whether he has considered the accurate forecast of the Budget proposals in a newspaper on sale at 3-45 p.m. yesterday, a copy of which has been sent to him, and if he will institute an inquiry into the source of the information.'

Now it was stated in the question that it was merely a forecast. It was not even suggested, as it has been admitted in the Preamble to the Ordinance, that the information has been 'unauthorizedly obtained'. The Chancellor of the Exchequer said—

'I very much regret to tell the House that the publication to which the hon. Member refers arose out of an incident which occurred as I was entering the Chamber to make my speech yesterday. In reply to questions put to me by the Lobby correspondent of the 'Star' newspaper, I indicated to him the subject-matter contained in the publication in question.'

Then he continued—

'I appreciate that this was a grave indiscretion on my part, for which I offer my deep apologies to the House.'

You know the history of this case and how these deep apologies were not fully accepted by the House and how the grave indiscretion later on resulted in the resignation of the Chancellor of the Exchequer.

"Sir, I ask the Hon. the Chief Minister to take this House into his confidence. Now, how did this Budget secret leak out? Was it through some Cabinet Minister, and if so, we shall be very glad if the facts are told and if the proper consequences follow. But if, on the other hand, it is not due to the mistake of any Minister, even then let us hold an inquiry and find out who was the person who did this anti-social act. I ask the Hon. the Chief Minister, how did this secret leak out? If it is the fault of any Cabinet Minister, let him not shield him. Let him take the House into his confidence and let him take the proper step in the matter. If it is not to be so, he must agree and rightly agree to an inquiry being instituted so that we may go into it and give proper punishment to the person who deserves it. Sir, the proper procedure in such cases, as I have indicated in the Motion, is to refer this matter to a Committee of Privileges. The Committee of Privileges will be presided over by the Hon. Deputy Chairman and there will be Members elected by this House. That committee will go into the matter. As this matter is agitating the public mind a great deal

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and as it has led to the issue of an Ordinance by the Governor without the consent of the elected representatives of the people, I request the Chair to treat it as a serious matter. I also request the Hon. the Chief Minister to treat it as an urgent and serious matter, and if possible, to agree to a committee going into the whole question."

* THE HON. SRI C. RAJAGOPALACHARI:—" Mr. Chairman, Sir, I do not know the procedure which you intend to follow in this case. If the Motion is to be accepted, there must be some *prima facie* grounds, and the hon. Member has placed his grounds before the House, namely, the actual passages that have appeared in the newspapers and the preamble to the Ordinance. These are the material grounds on which he bases his request. So far as the paper publication goes, it may help us to have the passages read again; they are not too long—

> 'New taxes, hinted at by the Chief Minister during his tour of Rayalaseema, may bring in an aggregate revenue of about . . . lakhs of rupees. There may be an additional tax on petrol Betterment levy on land, and a tax on land growing commercial crops are mentioned, besides a suggestion to levy a tax on agricultural incomes.
>
> Despite retrenchment here and there, the slowing down of a number of irrigation projects . . .'

These are not very relevant. Then—

> 'Like Hyderabad and Bombay, Madras may levy an additional tax on petrol. The burden of this, it is said, may fall mainly on private car owners, but also affect bus owners.
>
> The next two small sources of revenue suggested by the Kumaraswami Raja Ministry are the levy of tax on land which have benefited from the new irrigation sources and on land growing commercial crops.
>
> A tax on agricultural income is also suggested but the question is . . .
>
> In spite of all these, Rajaji may have something up his sleeves which will be divulged on June 27, when the Finance Minister will present his Budget to the Legislative Assembly.'

Now, if that is taken by itself, I would submit that nowadays Editors and Reporters of newspapers have developed their own technique in making guesses, in peeping through key-holes, in listening to conversations and in collating things together and producing interesting reports. I do not think that there is anything very wonderful or surprising. At any rate, the hon. Member who moved the Motion should not be surprised at a thing like this which happens daily in his own chamber, in his editorial office. (Interruption.)

" Do not insinuate unnecessarily. You can do it when necessary.

" This is a matter for no kind of surprise to anybody and it would be idle to refer this to a committee of inquiry or an investigation department of any kind. It will be absolutely useless; much less will it be useful to refer it to a Committee of the House which

cannot investigate as a policeman could do and search houses and get things done and see whether anything useful could be got out of it.

"The plausible point that is made next is, since we have, in issuing this Ordinance, admitted leakage, there is a case of breach of privilege. Now, it is very interesting to read the Dalton case. But everything that was said in the Dalton case has no application here. In the Dalton case, Mr. Dalton admitted that he himself had said something to a newspaper reporter and it became the duty of the Prime Minister of England to take that into account and dismiss him, but the position here is, we do not know how the leakage of information which we complain about in the Ordinance occurred and who was responsible for it; and without knowing it, there is no use whatsoever in referring it to a Committee of Privileges. I can understand it if I am asked to refer it to some of the police officers of the Government to make further research. But to refer it to a Committee of Privileges of the House, what we require is a definite failure of duty or breach of privilege on the part of a Member here or any outsider which we can definitely bring before that Committee. Now it is impossible to frame charges against the Editor of the 'Mail' on this subject, from what I have read.

"So far as the Preamble to the Ordinance goes, the position is this—while the other things are guesses the information regarding the petrol tax which was to be levied and the form in which it appeared was proof of the *corpus delicti*, if I may say so, of the leakage. But beyond that we have nothing. That leakage had occurred is true, but who was responsible for the leakage is the proposed point for the Committee of Privileges; but the fact of leakage is enough for the issue of an Ordinance; otherwise, the Government would lose revenue as there would be rush sales of petrol on a considerable scale to avoid payment of increased tax. Therefore, the actual leakage was the cause for the Ordinance; but for a breach of privilege we should have something more. I submit there is nothing. I would not be standing in the way of an inquiry if we could get something out of it. I would very much like to get at the guilty persons. (Interruption.) My hon. Friend's mouth waters for a Minister, but my mouth waters for the newspaperman who got the information. Whoever may be responsible, I would very much like to trace them. But it is impossible, and taking all the possibilities into account, it would be sheer waste of time for the Committee of Privileges to take up a matter of this kind. There is no question that the particular leakage referred to in the Ordinance has occurred. Regarding other things, they are guesses. Any one could make them. The betterment tax proposal has been in circulation for eliciting public opinion for a long time and even a Bill has been prepared and officers have been busy over it. So far as the tax on motor spirit goes, there was a leakage which would affect the revenues of the State. But there is no indication available for a reference to a Committee of Privileges. (Interruption.) I could order a police

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inquiry, as I have already said, if we expected fruitful results. It would mean getting into the offices of newspapers and getting at copies of reports and things like that. There is no other way. If a Committee of Inquiry is set up, it is not conceivable that it can get into the offices of newspapers or summon newspaper men. Inquiry is different from investigation. The hon. Member who moved the Motion knows very well the difference between inquiry and investigation. An investigation is impossible of being done by a Committee of Privileges. If it had been conceivable and possible for me, Sir, as the head of the Government, to order a police investigation, I would have done it long ago without any request from any hon. Member of this House. But it is not practicable. Just as I have put aside into the 'no action' basket a number of complaints which have been made, which may be true but in regard to which there is no hope of finding out the facts, in the same manner, I do not think a police inquiry will produce anything in this case, and I am certain a Committee of Privileges will produce nothing.

"Sir, it is another thing to say that it is the business of the Chief Minister and his Ministers to make such matters cent. per cent. proof against all leakage. If there had been no newspapers, I could guarantee that there would be no leakage. There is a profession that has been started for the purpose of getting at and exploiting leakage. I can only say that we cannot get rid of newspapers, nor can we get rid of Ministers so easily (laughter). You must pass a vote of no-confidence against a Minister if you want to get rid of him. I can cite gruesome cases about crime. Can I read them before a law court when I prosecute a person in a murder case? It would prejudice the court. The court would rule me out. The Dalton case has nothing to do with the present case. If any of my Ministers had called upon me and told me 'I was the cause for the leakage and I am very sorry that it has happened' and at the same time tendered his resignation also, I would have no hesitation in accepting it, and even if he did not tender his resignation, I would ask for it. But now it is an impossible proposal."

*Sri V. CHAKKARAI CHETTY:—"Mr. Chairman, Sir, I am rather surprised and even astounded at the immense sophistry of the Chief Minister. I have always admired his intellectual dialectics but on this occasion . . ."

The Hon. Sri C. RAJAGOPALACHARI:—"We can go to the subject without commenting on one another."

*Sri V. CHAKKARAI CHETTY:—"I am commenting upon the extreme ability and ingenuity which have been displayed by the Hon. the Chief Minister in whitewashing his Cabinet or whoever he may be who was responsible for this scandal of the first magnitude. Everywhere in Madras and other places, people have been talking about this scandal and the first duty of the Chief

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Minister must have been to enquire into this matter before such a Motion as this was moved. Instead of doing that, he has come here and put forward an elaborate justification for this scandal.

7-15 p.m. "If he means to say that on every occasion that a leakage of this kind takes place, it ought to be attributed to the skill in speculation of a newspaper, there could then be no leakage of a taxation proposal on which action could be taken. It is too general a proposition for the Chief Minister to make that it is possible for newspapers to make large guesses about financial matters. If that is true, then an enquiry like the one that has been asked for must be able to bring it out. The newspaper gentleman, whoever it was, that was responsible for making Cabinet secrets public, would have the candour and, I believe, the honesty to say wherefrom he got this valuable information with regard to the Budget proposals. I do believe, Sir, that the newspaper editor will be able to tell you that. Of course, you may not be able to take action against the Editor. That is not our prime purpose in bringing forward here a Motion like this. The purpose is to ask the Cabinet and the Chief Minister who is responsible for it, how such a leakage could possibly have taken place? It seems to me, Sir, that the Dalton case was a case in which, though Dalton was guilty of an indiscretion, he was at the same time honest enough to admit it. But, in this case, I am sorry to say, that no Cabinet Minister has the honesty to come forward and say that it was owing to his indiscretion that a leakage like this one had taken place."

THE HON. SRI C. SUBRAMANIAM:—"You assume that it is a Cabinet Minister that was responsible."

* SRI V. CHAKKARAI CHETTY:—"Yes, I assume that, unless you contradict it; but, you are the guilty party and I am not going to take your voice as tantamount to proof. If the Cabinet is responsible for Cabinet secrets and if they leak out, then you are responsible for it, and I have assumed rightly in this case, that you are responsible for the leakage of this Cabinet secret. If you say that you are not responsible, it simply means that it is an irresponsible Cabinet. Cabinet secrets can leak out, but at the same time you want me to presume or assume that you are not the guilty party. I charge you with being responsible for it and, if you can prove that you are not responsible but on the contrary the *Mail* has by some means or other been able to find out the secrets, then you can be exculpated. Does it mean that the *Mail* has the power of thought-reading or telepathy which has now become not merely fashionable but a scientific and an accepted fact? Do you mean to say that the *Mail* has been able to pierce into the inner consciousness of the Finance Minister and discover what new financial proposals are going to be made? I think, Sir, it is necessary to appoint a committee like the one proposed. Otherwise, an indelible stigma will attach to the present Cabinet and it will go down in history as a Cabinet that was not honest enough to admit its faults."

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MR. CHAIRMAN :—" Is the hon. Member, Sri S. B. Adityan, pressing his motion? "

* SRI S. B. ADITYAN :—" Sir, I am insisting on this Motion because a *prima facie* case has been clearly made out and a clearly admitted case of leakage of Budget secrets should not be brought down to the level of leakage of school examination questions which usually take place. I ask you, Sir, to hold that a *prima facie* case has been made out. I have got more evidence though I am not adducing it now. A *prima facie* case has been made out by the clear terms contained in the Preamble to the Ordinance and the Explanatory Note and also by the publications in the newspapers. A case has been made out and other people have been given the information before the hon. Members of this House have had it. That is all I need say and I insist on the Motion."

MR. CHAIRMAN :—" This is a very important question of privilege and I have to take some time to give my ruling. I shall do so when we meet again on the 30th instant.

" The House will now adjourn and meet again at 4 p.m. on Monday, the 30th June 1952."

The House then adjourned.

VI.—PAPERS LAID ON THE TABLE OF THE HOUSE.

1. *Annual Report of the Madras Public Service Commission for* 1950–51 *under Article* 323 (2) *of the Constitution of India.*

2. *Notifications making amendments to Madras Motor Vehicles Rules*, 1940, *published with Home Department Notification No.* 357, *dated* 29*th March* 1950, *as subsequently amended.*

(i) *Notification issued with G.O. Ms. No.* 35, *Home, dated* 4*th January* 1952.

(ii) *Notification issued with G.O. Ms. No.* 100, *Home, dated* 9*th January* 1952.

(iii) *Notification issued with G.O. Ms. No.* 159, *Home, dated* 17*th January* 1952.

(iv) *Notification issued with G.O. Ms. No.* 892, *Home, dated* 7*th March* 1952.

(v) *Notification issued with G.O. Ms. No.* 1054, *Home, dated* 19*th March* 1952.